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AMEMBASSY OTTAWA PASS TO AMCONSUL QUEBEC
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SUBJECT: View from the Countryside: The Government Is Taking Over

REF: 10 CARACAS 27; 09 CARACAS 1374; 09 CARACAS 1019; 10 CARACAS 95

CLASSIFIED BY: Robin D. Meyer, Political Counselor, DOS, POL; REASON:
1.4(B), (D)

11. (C) Summary: Government control is wide and deep in the agricultural state of Yaracuy, located in the northwest part of Venezuela. Business leaders described constant attacks on the private sector through land invasions and expropriations, subsidized agricultural imports, and government indifference to high rates of targeted kidnapping. Members of the media maintain a "careful balance" so as to avoid government closures. Opposition leaders meet weekly in the regional Unity Table (Mesa de Unidad), and blame their internal divisions for the United Socialist Party of Venezuela (PSUV) sweep of the 2008 municipal and state elections. This year, unified, the opposition hopes to win a four of the five National Assembly seats up for election in September.

Background

12. (SBU) This cable draws on meetings conducted by Emboffs in Yaracuy from January 26-27, 2010. With an estimated population of 600,000, Yaracuy is an agricultural state wedged between the much larger economic centers of Valencia and Barquisimeto. The state produces sugar cane, palm oil, corn, and oranges, and also includes cattle ranches. In the 2008 regional elections, the PSUV won mayoralties in 14 municipalities, six of seven state assembly members, and the governorship. The PSUV Governor of Yaracuy is Jose Leon Heredia, widely described as "chavista light" and a pragmatic businessman who is seen as much better at governing than previous PSUV Governor Carolos Jimenez, who is currently under investigation for corruption.

The Government Is Taking Over

13. (C) "The government is deliberately strangling the private sector," said cattle farmer and land owner Jose Luis Zerpa (protect) on January 26. Zerpa and other farmers characterized government intentions as "malicious," targeted at dismantling the private sector, because, as the head of the Yaracuy Chamber of Commerce Fhador Quiroga (protect) said, "the private sector is a

pillar of democracy." Businessmen described a three-pronged strategy of the Venezuelan government (GBRV): taking land, subsidizing imports, and allowing free reign to kidnappers.

Taking Land:

(C) The government has both expropriated land from farmers to give to "socialist cooperatives" and has tacitly supported impromptu land invasions by individuals. When land is expropriated or invaded, cattle farmer Beatriz Guzman de Diaz (protect) said the land often becomes unused as people do not have the resources or experience to farm it. "Sometimes," she noted, "the land invaders then work for neighboring farms that are still under private ownership." Quiroga noted that the government initiative to establish 17,000 cooperatives on expropriated land several years ago failed and "just 100 cooperatives are still functioning. In addition, as the GBRV has taken control of many aspects of the national food distribution system, farmers must sell to the government, which Zerpa said is often late in paying for products.

Subsidizing Food Imports:

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(C) The government subsidizes food imports by providing dollars at the official exchange rate of 2.6 Bolivares Fuertes per U.S. Dollar (previously 2.15 Bolivares per USD until the devaluation in January described in ref A). Farmers are unable to import supplies or equipment at this rate and must use the parallel market of about 5 Bolivares Fuertes to the U.S. Dollar. Diaz said this policy of subsidizing imported agricultural products "has destroyed what was once a great business."

Targeted Crime:

(C) Yaracuy has suffered from a sharp increase in targeted kidnappings of businessmen. Quiroga said Yaracuy had the highest per capita rate of kidnapping in the country, with 58 per 1000 inhabitants in 2009. State Assembly Deputy Francisco Ferrer said both kidnappings and extortion were major problems in Yaracuy, and the total ransom paid in 2009 was greater than the municipality budget for the state capital of San Felipe. "In one way or another, the kidnappings are linked to the government." He claimed that businessmen who complain to the government find themselves more likely to be kidnapped than those who quietly pay extortion fees. Ferrer is the only opposition member of the seven-person State Assembly, and his PSUV colleagues have told him that "crime is only a problem for the rich." Quiroga said the risk of kidnapping has made it difficult to recruit businessmen to be active in the opposition because "no one wants his face in the newspaper."

Agricultural Production is Down

14. (C) As a result of the government's strategy, business leaders said agricultural production has dropped considerably in Yaracuy. According to Quiroga, sugar cane production has dropped by two thirds in the last decade. Where there used to be five sugar plants in Yaracuy, now there are none, with farmers using one in neighboring Lara State that is also on the edge of bankruptcy. With the risk of land invasions, Diaz said that many cattle and sugar cane farmers have decided to shift to growing oranges. "That way," she said, "it is harder to invade the land because there are trees in the way." Zerpa also mentioned this strategy, noting that it takes 4 to 5 years for orange trees to produce, "but we have time and it's worth it if we can keep our land." He said Yaracuy

has not made the transition to capital-intensive and technologically driven farming, and outdated methods are the norm. In that sense, farming in Yaracuy uses more labor and is less productive than farming in many other countries. Even so, it is difficult to find manual labor, and Zerpa pointed to the proliferation of the government's social projects (the Misiones) as one important reason. "People prefer to receive stipends for participation in these Misiones than to work," he claimed.

Money for "Misiones" But Not For Infrastructure

15. (C) The Venezuelan government has established "social missions" throughout the state, including the health clinics of Barrio Adentro, the literacy classes of Mision Robinson, and subsidized food through the Mercals. With the private sector struggling, non-government charities have fewer donors and limited resources. The Yaracuy director of Catholic charity Caritas, Nancy Meza de Guevara (protect), said the GBRV closed a clinic sponsored by Caritas a few years ago because "it interfered with the Barrio Adentro clinic next door." Caritas also has very little money, relying on volunteers to run training workshops and other programs. She said that some misiones were good, and others were simply cash transfers to participants; mission participants and their families are also ordered to attend political rallies. "These aren't programs to help people develop skills," she said, "they just keep

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the poor in poverty." Bishop of San Felipe Nelson Martinez (protect) agreed that the misiones do not work, but emphasized that between the misiones and the public sector the government has become the primary source of income for people in Yaracuy. "If you're not with the government you don't eat," said Martinez.

16. (C) While there has been heavy investment in the misiones, the state has suffered from water shortages for months. Secretary of the Unity Table Antonio Durich (protect) said there had been no infrastructure investment since Chavez had come to power. The public health system has also deteriorated. Medical doctor Alcides Inojosa (protect) said the public hospital in San Felipe was in a state of collapse, and that preventive medical care has been abandoned. He dismissed the Barrio Adentro program as a political project with unqualified medical personnel, reflecting criticism throughout Venezuela (ref B), and said there was a widespread shortage of doctors in the health system due to low wages and dangerous work environments. He noted, however, that "people still like getting free things," and so the misiones remain popular. The bishop of San Felipe said Chavez uses these projects to consolidate support and to warn that "if the opposition wins they'll end the misiones."

Freedom of Expression Under Pressure

17. (C) Journalist and Copei political party member Hector Duque (protect) said there was "more or less" freedom of expression in Yaracuy, but "there was a lot of fear" among members of the press. There are three daily newspapers in Yaracuy, five cable television stations, 8 private radio stations and 41 "community" radio stations. Director General of Radio Yaracuy Pablo Ramon (protect) said the closure of 32 radio stations last year (ref C) was a "shock of cold water" to his station. One of the oldest stations in the country, Radio Yaracuy has since followed a strategy of maintaining "a careful balance" in order to stay on the air. The station still regularly airs calls from listeners complaining about pot-holes or trash build up, but they have also signed an agreement with the PSUV governor to cover his press conferences. Ramon said they avoided taking government advertisements since they do not

want to be beholden to the government, but they did self-censure because "surviving is important for the future." The manager of the daily newspaper El Diaro de Yaracuy said his paper always "showed both sides" because that is what market research has determined is most profitable. The bishop of San Felipe said there is freedom of expression in Yaracuy and he regularly denounces the government to his priests. He noted that his reach was limited; while almost everyone identifies themselves as Catholic, only about 7% of the population attends church.

Opposition Optimistic but Chavez Still Popular

18. (C) The members of the Unity Table described their losses in the 2008 elections as being a result of divisions among the oppositions. Now the Unity Table meets weekly, and Rafael Parra (protect), a former Convergencia mayor in Yaracuy, thinks the opposition can win up to four of the five Yaracuy seats in the National Assembly elections in September. (Note: Yaracuy's districts were not changed by the GBRV's redistricting described in ref D. End Note.) The Unity Table is following the national organization's lead in selecting candidates by consensus in February, and if no agreement is reached, then holding elections in March. His optimism is not shared by everyone. Secretary of the Unity Table Durich thinks that if elections were held today, the PSUV would win almost all the seats. Durich also lamented that national media and business organizations were not helping the opposition in Yaracuy. Radio Yaracuy Director Ramon said people think "Chavez is not responsible for all of these problems, he is

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the hope." He also noted that people just don't believe the old parties have changed; any real challenge to Chavez will not come from the opposition, but from people who are currently working with Chavistas. Many people do not hold the PSUV responsible for the deterioration of public services, and some profess to believe explanations that do not appear to make sense. El Diario de Yaracuy manager Jonathon Leon (protect) said, for instance, that there were water shortages in Yaracuy because it was raining so much. "I didn't think it made sense at first either," he said, "but when it rains more there is less water."

Comment: Chavez's Power Has Grown In Spite of Failing Services, Opposition Remains Weak

19. (C) Chavez's stronghold is in rural areas like Yaracuy. Since coming to power, PSUV leaders have worked to dismantle the economic base of the state's private sector, thereby further weakening the opposition. They have increased government control over employment, social services and the media. Business leaders showed a palpable level of concern about their livelihoods, personal security, and the future of Venezuelan democracy. The deterioration of basic public services does not seem to have triggered opposition to Chavez. The opposition faces the challenge of both running against a powerful, well-funded government and developing a credible platform that appeals to a majority of the electorate, including those such as one of Diaz's farmhands, who believe that "now," with Chavez, "we matter, and we are taken into consideration."

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